

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1689 - SB 1646

February 9, 2016

SUMMARY OF BILL: Requires the State Board of Equalization to issue a refund in the amount of one-half of the appellant fees paid to appeal a property assessment in instances where the ordered reduction is less than one-half of the appellant's claim.

If the Board exercises its discretion not to review a matter heard by the Assessment Appeals Commission, the Commission is required to issue a notice, including notice by electronic means, of its final actions to the parties or, upon request, a certificate of assessment or other final certificate of its actions. The date of the notice or certificate will commence the period for seeking judicial review of the final order of the board or commission.

Requires trustees or collectors to send a notice accompanying the current tax bill to taxpayers that are delinquent in unpaid rollback taxes informing them of their obligation to pay back taxes or risk the sale of the property.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$400/State Board of Equalization

Decrease State Expenditures - \$100/State Board of Equalization

Assumptions relative to the State Board of Equalization assessment fees:

- Pursuant to Tenn. Code Ann. § 67-5-1501, the State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the state. It is the duty of the Board to receive, hear, consider and act upon complaints and appeals made to the Board.
- Pursuant to Tenn. Code Ann. § 67-5-1501(d), the Board assesses the costs of a hearing or processing an appeal against any non-prevailing, non-indigent appellant.
- The assessment must not exceed seven dollars per parcel for processing an appeal or \$120 for hearing costs; the assessment must be proportionate to the value of the property at issue; and if the totaled assessment is one-half or more of the appellant's claim, the Board issues a total refund, otherwise, the refund of the hearing costs is proportionate to the relief granted.

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- Based on information from the Comptroller's Office, in 2014, the actual refund issued to property owners resulting from appeal claims of property assessments totaled \$700. If the same refunds had been calculated using the proposed formula, the refund issued to property owners appealing property assessments would have totaled \$1,100. It is reasonably estimated using the proposed formula to calculate the claim refund to property owners will result in a recurring decrease in state revenue of \$400 (\$1,100-\$700).

Assumptions relative to the Assessment Appeals Commission:

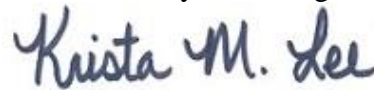
- Pursuant to Tenn. Code Ann § 67-5-1502(a), the Board is authorized, by resolution, to create an Assessment Appeals Commission to hear and act upon all complaints and appeals regarding the assessment, classification, and value of property for the purposes of taxation.
- If the Board chooses not to review a matter, the Commission is required to issue a certificate of assessment showing the description of the property and the assessment as determined by the Commission.
- By allowing the Commission to issue the certificate electronically, it is estimated the state will incur a recurring decrease in expenditures relative to the costs associated with printing and mailing certificates in the amount of \$100.

Assumptions relative to delinquent property taxes:

- Any increase in local government resources to prepare notices for taxpayers owing unpaid rollback taxes with current tax bills is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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